

MINUTES

**MONTANA SENATE
58th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN TOM ZOOK**, on February 14, 2003 at
5:00 P.M., in Room 303 Capitol.

ROLL CALL

Members Present:

Sen. Tom Zook, Chairman (R)
Sen. Bill Tash, Vice Chairman (R)
Sen. Keith Bales (R)
Sen. Gregory D. Barkus (R)
Sen. Edward Butcher (R)
Sen. John Cobb (R)
Sen. Mike Cooney (D)
Sen. John Esp (R)
Sen. Royal Johnson (R)
Sen. Bob Keenan (R)
Sen. Rick Laible (R)
Sen. Bea McCarthy (D)
Sen. Linda Nelson (D)
Sen. Trudi Schmidt (D)
Sen. Debbie Shea (D)
Sen. Corey Stapleton (R)
Sen. Emily Stonington (D)
Sen. Jon Tester (D)
Sen. Joseph (Joe) Tropila (D)

Members Excused: None.

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: SB 333, 2/5/2003
Executive Action:

HEARING ON SB 233

Sponsor: RICK LAIBLE, SD 30, Hamilton

Proponents: Gail Abercrombie, Executive Director, Montana
Petroleum Association
Rod Sunsted, University System

Opponents: None

Opening Statement by Sponsor:

RICK LAIBLE, SD 30, Hamilton opened on SB 233, a bill that would fund education from coal bed methane taxes. He advised there are 238 coal bed methane wells in the test area and \$400,000 is generated to the general fund. He had been looking for ways to fund education and felt the **University System** is being shorted. He favored giving money to the Gifted and Talented program in K-12. 5% of the revenue stream for K-12 would be designated for Gifted and Talented. He talked to several teachers who said money put in gifted and talented raises the level of education for all students within a class. The money would help teachers learn how to accommodate those special students. Because the industry can't segregate coal bed methane natural gas from natural gas as a whole, an amendment was needed. Half of the tax revenue that would normally go to the general fund would go to education. The fiscal note is \$200,000 each fiscal year. He advised letting this be one of the vehicles to put money in education because in the future it could be 200 or 300 times the amount. He stated, "In the infancy of coal bed methane, let this be a stream of revenue that can go to education." The reason for 80% for K-12 and 20% for the universities, its basically the ratio carried now. He advised a bill by **REP. DAVE GALLIK** would put money in K-12 but doesn't designate any money to Gifted and Talented or send any money to the university.

Proponents' Testimony:

Gail Abercrombie, Executive Director, Montana Petroleum Association, advised the association can support the bill with the amendments outlined by **SEN. LAIBLE**. They do not support, in concept, separating coal bed natural gas from regular natural gas. It's the same molecule, no matter where it comes from. Wyoming does not segregate coal bed methane because it would fractionalize the industry and cause coal bed natural gas or the other natural gas to become a target. The amendment would put natural gas taxes together and a portion of those natural gas taxes above a baseline, which is the revenue estimated baseline of natural gas taxes to the general fund, would then go to **SEN.**

LAIBLE'S Montana Education Fund. **REP. GALLIK'S** bill goes to the flex fund.

Rod Sunsted, University System, stood in support of the bill.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

None.

Closing by Sponsor:

SEN. LAIBLE closed on the bill.

ADJOURNMENT

Adjournment: 5:14 P.M.

SEN. TOM ZOOK, Chairman

PRUDENCE GILDROY, Secretary

TZ/PG

EXHIBIT (fcs33aad)